

COUNTY SUPERVISORS ASSOCIATION
LEGISLATIVE POLICY COMMITTEE
AGENDA

March 14, 2014

Teleconference 1-866-228-9900

Access Code 326208#

[Web Link](#)

County Supervisors Association
1905 W. Washington St.
Phoenix, AZ

9:00 a.m. Call to Order ~ President James Palmer

- A) Approval of the Minutes of the March 7, 2014, Legislative Policy Committee Meeting (previously distributed)
- B) Budget Update – There is heightened attention on the budget moving into next week. The process has been somewhat accelerated following an expression of disappointment by the Governor (via her Chief of Staff) that the legislature is not further along in its budgeting negotiations. The House and Senate offer differing approaches to drafting a budget, with the Senate and President Biggs drafting a budget that contains little to none “new spending” requests and does not contain the Governor’s priorities, and the Speaker in the House attempting to address some of his members budget priorities, but does not address any of the Governor’s priorities. In response, it appears that the Senate may be ready to move on its budget proposal next week. What will follow is one of three options for the House: Amend and send it back to the Senate for consideration, or pass it out un-amended and send it up to the Governor where it most certainly would be vetoed. As committees wrap up, we’re watching for budget negotiations to get jump-started next week.
- C) CSA Legislative Agenda
 - 1) [HB 2149 state parks; SLIF fund distribution](#) (Borrelli) – Budget issue
 - 2) [HB 2218 fire districts reorganization elections](#) (Fann) – Pending Government and Environment on Thursday
 - 3) [HB 2224 sale of fireworks; counties](#) (Fann) – failed in House Public Safety, Military and Regulatory Affairs 2 – 5 – 0 on February 19th.
 - 4) [HB 2240 developmental disabilities; client income; retention](#) (Brophy-McGee) – Senate Health and Human Services Committee Wednesday afternoon
 - 5) [HB 2320 county seals; approval of use](#) (J. Pierce) - awaiting Senate Rules
[SB 1116 county seal; board approval](#) (McGuire) - awaiting House Government
 - 6) [HB 2531 court-ordered evaluation services; payment](#) (Brophy-McGee) – Awaiting an agenda spot
 - 7) [SB 1271 county liens; abatements](#) (Ward) - was assigned to Senate Government & Environment and not placed on an agenda
 - 8) [SCM 1006 urging Congress; PILT program; funding](#) (Griffin) - passed out of the legislature, was transmitted to the Secretary of State on February 27th and was sent to the President, the Vice President (the President of the Senate), the Speaker of the House and the entire Arizona delegation.
- D) Legislative Bills for Discussion Updates
 - 1) [SB 1316 financial reporting; political subdivisions](#) (S. Pierce) - is the ATRA bill that prohibits counties from adopting a general fund budget above the prior year’s budget, if their financial audit is not completed by a state deadline. CSA held a stakeholder meeting with ATRA, the Auditor General, and several county Finance Directors to hear about the problem and possible paths forward. Several ideas came out of that meeting from the Finance Directors and the Auditor General’s office including:

- Aligning the state deadlines with national practices and federal deadlines.
- Providing training through the OAG for Finance staff
- Developing a list of retired OAG or contract auditors for part time assistance, if needed

After that meeting, the next step was to sit down with the sponsor and ATRA to talk about how to move forward. The meeting was originally scheduled for this past Monday, but was delayed until Wednesday. On Tuesday of this week, ATRA sent us a proposed amendment they had already sent to the sponsor. That amendment did a couple of things:

- A County has until October 31 (April 30 with a filed extension) to file their completed financial audit with the Auditor General
- Failure to meet this deadline would require the county to file a form with the Speaker of the House and President of the Senate stating that the county failed to comply with the statutory timeline.
- The Board must also include a copy of this form with the published budget
- After the form is filed with the Speaker and President, the county has an additional eight months (December 31 of the following year) after the close of the fiscal year to file the audits.
- Failure to meet the December deadline would result in the BOS being prohibited from adopting a general fund budget in the subsequent fiscal year that exceed the amount budgeted in the current fiscal year

We continued to express our concerns to the sponsor that the bill continues to place a penalty on the BOS for something that is not entirely within their control (treasurer, auditors, ect.). When the bill went up for a third read later on that day it failed by a vote of 14-14. A motion was made to reconsider the bill, so the bill is not dead yet, but it is in trouble. We have been working with the Auditor General, and have been and will continue to be willing to work with anyone that wants to improve the efficiency of the audit system.

- 2) [SB 1413 taxes; manufacturers' electricity sales; exemption](#) (Yarbrough) - proposal to exempt the sale of electricity sold to manufactures and smelters from transaction privilege tax continues to move forward. The Governor's Director of Policy, Michael Hunter, and Department of Revenue Officials are meeting with the County Managers on this specific issue directly after LPC. A summary of that meeting is below.

Managers Meeting as Related to SB1413

At the County Managers meeting Michael Hunter discussed why the Governors' Office developed this proposal and its importance to the continued efforts to develop the states' economy. Apparently a number of current Arizona manufacturers and manufacturers considering locating in Arizona have provided them input indicating that this tax on electricity used by manufacturers is problematic.

The Department of Revenue staff attending the meeting provided the group with some estimates on how this impacts county revenues. The numbers provided indicate a loss of revenue for counties through the state distribution of sales tax of \$1.5 million, and a total loss of local excise tax revenue of \$2.5 million. However, that \$2.5 million includes both the Maricopa Transportation (MAG) and Pima Transportation (PAG) taxes. Netting out the MAG and PAG transportation taxes reduces the estimated loss to county local excise tax revenue to around \$1.1 million. These estimates include the impact related to smelters. The Department of Revenue staff was able to provide some specific estimates related to the impact on Gila County as associated with the smelters. Since these estimates are related to two specific smelters those numbers were shared only with Gila County and not with CSA staff or the other managers. The Department of Revenue is finishing up estimates on the impact of the proposal on the individual counties. CSA staff is going to send those out as soon as available.

Additionally we indicated to the Governors' Office that we would be developing an approach to present to them to address the revenue issues caused by the bill.

Other

- 3) [HB 2339 firearms; permit holders; public places](#) (Barton) - requires all public building and public events to have metal detection and security personnel in order to deny concealed weapon permit holders entrance into the building, or into an event, with their weapon. The bill further specifies that it is not considered "misconduct involving weapons" by carrying a deadly weapon at a public establishment or event as long as the person possesses a valid concealed weapons permit.

The bill passed out of the House earlier this week, was transmitted to the Senate and is on a Senate Judiciary Committee Agenda for Monday. This bill had appeared to stall last month until it gained traction again this past week.

In 2012 when a similar bill was proposed and vetoed by the Governor, counties were concerned about the costs of increasing and adding to existing security measures in order to continue existing county decisions about gun restrictions in county buildings. (Some counties might just have metal detectors, but not the funding for a full time security guard or vice versa). Two years ago Navajo county estimated a cost of \$1 million for the first year alone and Santa Cruz county estimates it would cost between \$100,000 and \$150,000 per building. OPPOSE

- 4) [HB 2381 assignment of tax liens](#) (Olson) - requires a county, with 900,000 persons (MAR & PMA), to assign a tax lien to an assignee prior to a tax lien sale if the owner of the property authorizes the assignee, and the assignee remits the amount of taxes and other fees due on the property.

Once the Assignee is designated, they are now the successor to the property's interest. This bill would have a financial impact to the counties in so far as the interest the counties would have received up to and including the tax lien sale would now be realized by the assignee. Many counties have expressed concern that at a future point the population threshold will be removed and it will apply to all counties. Cuyrrrently staff is watching for potential strikers.

- E) Next Meeting Date and Time (Thursday, March 20, 2014, at 10:00 a.m., and then Friday, March 28, at 9:00 a.m.) PLEASE NOTE THE NEXT LPC WILL BE HELD IN CONJUNCTION WITH THE CSA BOARD OF DIRECTORS MEETING
- F) Other Business – SB 1158 (Crandell's fireworks bill) is moving forward with county (and city) carve-out language amended into the bill. CSA will express our opposition to the carve out language. Additionally, the dog licensing issue continues to be relevant. Yesterday staff asked for our language for a strike-everything amendment for next week. CSA staff continues working the issue in order to maintain leverage over individuals that refuse to vaccinate and license their pets.
- G) Adjourn